



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

**Date:** 3/13/2007

**GAIN Report Number:** CH7804

## China, Peoples Republic of

### Food Processing Ingredients Sector

### Evaluation Report-Bakery Promotion Activity 2006

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**Report Highlights:**

From Oct/24th till November/7th 2006, ATO/Shanghai working together with nine U.S. cooperators and one distributing company conducted a series of bakery promotion activities in Shanghai, which include seminar, U.S. ingredients tabletop show, reception and a retail bakery chain promotion activity. The invited guest chef from Hong Kong created 8 new recipes to introduce to local bakery industry, and 16 new products featuring U.S. bakery ingredients were developed and promoted by the partnering retail bakery chain.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Shanghai ATO [CH2]  
[CH]

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Activity Code and Name: American Bakery Ingredients Promotion  
 Beginning/Ending Dates: October 24 – November 7, 2006  
 City/Country: Shanghai/China

### 1) Market Constraints and Opportunities:

Based on our telephone survey to local baking professionals prior to the activities, we identified the following constraints:

- Lack of new recipes featuring U.S. ingredients bakery products
- Lack of knowledge of U.S. bakery ingredients by local baking professionals
- Higher prices compared with those of local ingredients

After the activity, we explored two new opportunities to:

- Introduce and strengthen U.S. bakery ingredients products image and knowledge
- Emphasize high quality and nutritional value of U.S. bakery ingredients verses domestic ingredients

### 2) Expected Results and Desired Outcomes:

- Assist U.S. companies/food importers/distributors to establish contacts with professionals from about 25 local bakeries
- Provide around 40 local purchasing manager and executive chef contacts to U.S. products distributors and importers
- Establish favorite image of overall U.S. bakery ingredients through two specific TV programs and several newspaper reports
- Expose local chefs and consumers to around 10 varieties of high value U.S. bakery ingredients
- Inspire local chefs to create 8 new recipes made of U.S. ingredients

### 3) Actual Results and Outcomes:

Results/Outcomes:

	Expected	Actual
Increase in sales during promotion	n/a	n/a
Number of new products introduced	10	16
Number of new products kept on shelf after promotion	2	16

As per our telephone survey to about 50 local bakery-purchasing managers and executive chefs prior to the promotion activities, we found three constraint factors facing U.S. bakery ingredients 1) lack of new recipes 2) relatively high price of U.S. ingredients compared with local ingredients 3) local chefs' lack of knowledge about using of U.S. ingredients for baking. To address these constrains, we designed a four-part of activity:



- 1) A bakery seminar and reception activity attended by around eighty chefs and purchasing managers from local bakeries and hotel baking kitchens. Guest chef Heinz Fischer from Hong Kong hosted the seminar activity and introduced eight new recipes made of U.S. ingredients to local bakeries. Co-sponsoring cooperators were also given 5 minutes each to introduce their high value products to participants. Outside the

seminar conference room, ATO transforms the corridor into a showcase to display cooperators' products, handout leaflets and brochures, and chat with Shanghai baking professionals. A total of 25 types of breads, cakes, and pastries were displayed and tasted by the



participants to experience the high quality U.S. ingredients bakery products. ATO also distributed to attendees a specially designed booklet with color photos, ingredients lists, recipes, ATO and cooperator contacts to keep for future reference. Immediately following the seminars, ATO hosted a reception activity to further facilitate the communication among U.S. ingredients importers, distributors and local bakeries.

- 2) Chef training-eight chefs from four major local bakeries attended a one day hands-on training led by Heinz Fischer to learn the latest in baking technique and generate new recipes in an interactive environment.
- 3) Chef competition-to encourage creativity of local chefs, ATO organized a competition event and awarded chefs who created the most innovative recipes.
- 4) Retail promotion-to reach the large consumer base in Shanghai and enhance the awareness of U.S. ingredient bakery products, ATO cooperated with AILI Food Co., Ltd to conduct a two-week retail promotion in 7 top sales outlets of AILI, featuring 16 new-to-market bakery products made of U.S. ingredients to introduce to Shanghai consumers. AILI is a private enterprise founded in 1995 and now has more than 100 outlets in China. It entered the Shanghai market in 2003, targeting middle to high-end customers in commercial centers, luxury living complexes etc. In Shanghai, it has 14 shops, and a factory located in Songjiang, with production capacity to supply 300 shops. Prior to cooperating with ATO, AILI used few U.S. ingredients. ATO provided a wide platform for AILI to get technical and product support from the U.S. cooperator community to expand their products varieties and supply channels.



#### 4) Actual Promotion Results:

Through this specifically designed four-part activity, we achieved the following results:

- a) Introduced 8 new recipes using U.S. ingredients to local bakeries
- b) Encouraged local chefs to create 6 new recipes by themselves
- c) Offered a contact list containing about 80 purchasing managers and executive chefs to cooperators and U.S. ingredients importers/distributors
- d) Representatives from 2 TV channels, three newspapers and one of the three main Internet Portals in China reported on this activity
- e) Retail partner AILI created 16 new products using U.S. ingredients and put all of them on their shelves. Due to the excellent feedback from consumers, AILI has decided to permanently list all these new products.

**5) Recommendations and Follow up:**

A quickening pace of life in cities like Shanghai, the financial heart of the country, will create a large consumer base for bakery products. The great convenience offered by bakery products enables them to be the most frequently chosen supplement to staple food, acting as either snack between meals or as breakfast. Total bakery product sales are expected to reach over RMB93 Billion by the end of 2010. Starting with Shanghai, ATO will continue to organize and coordinate events to help cooperators and suppliers introduce and promote U.S. ingredients in the nearby emerging city markets by means of seminars, consumer and chef trainings, samplings and in-store promotions.

As for recipes, in order to penetrate further into the middle-end market, we will cooperate with the guest chef to create more high quality, innovative recipes with an appropriate cost structure to introduce to the local market.

**5) Costs/Revenue:**

<u>Budget Source</u>	<u>Costs</u>	<u>Revenue</u>
12X	11,247	11,600